REMARKS

This paper is responsive to the Office Action mailed October 10, 2006. Claims 1-3 were rejected under 35 U.S.C. § 102(e) as being anticipated by Madoff et al. (U.S. Patent Application Publication No. 2001/0044767). Claims 4-5 and 7 were rejected under 35 U.S.C. § 102(a) as being anticipated by an article titled *Streamer Free Real-Time Stock Quote Service Registers 12,000 Users*, referring to a streaming stock quote service made available by Datek Online (referred to herein as "Streamer"). Lastly, Claim 6 was rejected as being unpatentable over Streamer. Claims 1 and 4 have been amended. New Claims 7-17 have been added. Claims 1-17 are thus pending in the present application.

Interview Summary

Prior to discussing the patentability of the claims, the undersigned counsel wishes to thank Examiner Graham for the time and consideration he extended in a telephonic interview on February 28, 2007. In summary, the interview focused on independent Claims 1 and 4 and the patentability of the claims over the prior art references (Madoff and Streamer) that were cited and applied in the Office Action. At the conclusion of the interview, applicant agreed to formally submit the present amendment. The present amendment is believed to place the application in condition for allowance.

Claims 1-3 Are Patentable Over Madoff

The Office Action rejected Claims 1-3 as being anticipated by Madoff. Applicant disagrees. Madoff neither teaches nor suggests all of the elements of Claim 1, and thus cannot support a *prima facie* rejection of Claim 1 under 35 U.S.C. § 102(e).

Claim 1 is directed to a method of facilitating trading. The method includes, in part:

> satisfying a condition at a market by a market participant, wherein the market includes the market participant and other market participants, and wherein, for a potential trade, the market includes prices for a side and a contra-side of the potential trade.

The Office Action did not indicate which aspect of Madoff anticipates this element of Claim 1, particularly "satisfying a condition at a market by a market participant." This is significant because satisfaction of a condition at the market is pertinent to the remainder of Claim 1, which recites:

> automatically, at the market participant's computer, receiving a new contra-side best market price in advance of the other market participants as a result of satisfying the condition and only while the condition at the market is satisfied by the market participant.

In support of the rejection of Claim 1, the Office Action first cited column 1, paragraphs[1] [0006]-[0007] of Madoff, which are repeated as follows:

> [0006] According to an aspect of the invention, a method of auctioning products over a distributed networked computer system is provided. The method is executed over the system and includes entering an order for a product. The order can specify a price. The price can be a fixed price, a relative price or a market price. The order also specifies a quantity and an exposure time. The process also includes entering a response to an order, the response specifying a price, price improvement, and quantity and matching the order with the response in accordance with the exposure time specified by the order.
> [0007] According to an additional aspect of the invention, a method can include entering pre-defined relative indications that correspond to a willingness to buy or sell the product and wherein the pre-defined relative indications specify a price relative to a current market price.

In connection with these cited passages, the Office Action (page 2) referred to "market price" and "displays order," apparently to suggest that Madoff teaches a display of market data. In any event, Madoff still fails to teach the combination of "satisfying a condition at a market by a market participant" and "automatically, at the market participant's computer, receiving a new

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[1] The Office Action cited Madoff at "column 1 lines 0006-0007", but given the numbering of paragraphs in the reference and later references in the Office Action to paragraphs of Madoff, applicant assumes the Examiner meant to refer to column 1, *paragraphs* [0006]-[0007].

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contra-side best market price from the market in advance of the other market participants as a result of satisfying the condition and only while the condition at the market is satisfied by the market participant."

The Office Action next cited column 6, paragraphs [0058]-[0059] of Madoff. For convenience of examination, these passages read as follows:

> [0058] If there are no matching existing pre-defined relative indications, contra side order or responses, the process 100 will continually receive contra side orders 101, responses 113, and newly arriving pre-defined relative indications 107. The process 100 will compare 112 contra side orders 101 to the current order. If there is a match it will execute the order. If there is no match the process 100 will determine if responses or new pre-defined relative indications 107 match 118 the current order.
>
> [0059] The compare for contra side orders and then for responses or new predefined relative indications implies some preference for contra side orders. However, the process 100 could compare 112 contra side orders, responses and new predefined relative indications to the current order using an age and/or price criteria.

In these passages, Madoff refers to "contra side orders," but does so only in a conventional sense, i.e., that a contra side order can be matched with a current order to make a trade. These passages of Madoff do <u>not</u> anticipate "*satisfying a condition at a market by a market participant*" and "*automatically, at the market participant's computer, receiving a new contra-side best market price in advance of the other market participants as a result of satisfying the condition and only while the condition at the market is satisfied by the market participant.*"

During the telephone interview, the Examiner expressed concern that the claim element "new contra-side best market price" may be indefinite, though such an issue has not been raised in any of the Office Actions to date. Applicant respectfully submits that the element "new contra-side best market price" is definite in its plain and ordinary meaning and as understood by one of ordinary skill in the art having the specification of the present application as a guide.

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To begin, the concept of a "contra-side price" is well understood in the art, as evidenced by Madoff in reference to contra side orders having a price.

Further, a contra-side price that provides the "best market price" (for the contra side) is also definite. For example, in the context of buying and selling, for a sell side, the best contra side market price is the highest bid price that another party willing to pay to the seller. For a buy side, the best contra side market price is the lowest ask price that another party is willing to take to sell to the buyer. "Usually, a market for a financial instrument is two-sided, representing buyers and sellers, and so current price is understood to mean a best price on each side of the market, or the contra-side relative to the [trading process's] order." (See present application, page 70, lines 23-26). "A market order is of the form BUY 100 XYZ, meaning buy 100 shares of XYZ security at the best price available immediately." (See present application, page 7, lines 21-22).

A "new" contra-side best market price is also definite within the meaning of 35 U.S.C. § 112. Once a best market price for the contra side is superseded by a better market price, the better market price is new relative to the previous best market price and thus constitutes a "new contra-side best market price." According to Claim 1, a new contra-side best market price is received at the market participant's computer "in advance of the other market participants as a result of satisfying the market condition and only while the condition at the market is satisfied," which is not taught or suggested by Madoff.

The Office Action further cited the Abstract, column 6, paragraphs [0055]-[0057], and [0062] which are repeated as follows (with emphasis added for discussion purposes):

> [Abstract] A system for auctioning financial products over a distributed, networked computer system includes a plurality of workstations for entering orders for financial products into the distributed, networked computer system. The orders specify a price for the financial product, a quantity of the financial product and exposure time which the

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order can remain active. The system also includes a plurality of workstations for entering predefined relative indication and responses to orders for the product. The predefined relative indications specify a willingness to trade. The responses specify a price and quantity. The system includes a server computer coupled to the workstations for entering the orders, predefined relative indications, and the responses, with the server computer executing a server process that for a first one of said orders, determines a match to said first order with the predefined relative indications, responses and contra-side orders during an interval determined by the exposure time specified by said first order.

. . .

[0055] Referring now to FIGS. 10A-10B, a server process 100 that may be executed on the auction system 20 is shown. The server process 100 receives an order 101 entered by the order side 12 of the system 10, via the order entry format 101 (FIG. 10A). *The process 100 exposes 104 the order to the crowd, i.e., potential responders 14, via an electronic broadcast over the network systems mentioned above. The system 10 displays the size of the order and the order remains displayed for the life span of the order or until an execution ends the auction.* The process 100 compares 106 the order to any existing pre-defined relative indications, contra-side orders or responses (if responses are chosen to have a lifetime as discussed below) that exist in the system 10 at order receipt.

[0056] If there are pre-defined relative indications or contra-side orders or responses (if responses have a lifetime) in the system 10, *the process 100 will attempt to match 108 those existing pre-defined relative indications or contra-side orders or responses to the order.* For predefined relative indications, the match process 108 will examine the pre-defined relative indication that exists, at the best price and which is the oldest at that best price, and will determine whether that pre-defined relative indication matches any conditions that may exist with the order. The same criteria could be applied to existing contra-side orders or responses. *If there is a match, the order will be executed 110 with that pre-defined relative indication.*

[0057] If there is not a match, the process can iterate through a queue of pre-defined relative indications, contra-side orders and responses to determine the next oldest pre-defined relative indications, contra-side orders and responses at that best price to determine a match. The match process 108 attempts to find the pre-defined relative indications, contra-side orders and responses with the best price improvement or best price, as appropriate, and that is the oldest in the auction system 20 at that price improvement and which satisfies all conditions of the order and validating constraints that may apply. For example, if a price is specified outside of the NBBO [National Best Bid/Offer] it may be matched by the system 20

LAW OFFICES OF
CHRISTENSEN O'CONNOR JOHNSON KINDNESS^{PLLC}
1420 Fifth Avenue
Suite 2800
Seattle, Washington 98101
206.682.8100

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but will not pass validation. The system 20 can adjust the price so that it falls at the NBBO at the time of the execution.

. . .

[0062] An alternative arrangement to that shown above could have the process 20 allow responses to have a lifespan coextensive with the lifespan of the auction process. If the system 20 allows responses to have a lifespan, but if there are no other orders, the process 100 will expire (not shown) all remaining responses in the system 20.

Inspection of these paragraphs of Madoff, and indeed the entire Madoff reference, shows that Madoff does not teach or suggest the elements recited in the claims. Madoff's process simply tries to match newly received orders with other orders in a conventional fashion. See, for example, paragraph [0055], lines 5-7 (quoted above) in which Madoff states "the process 100 exposes 104 the order to the crowd, i.e., potential responders 14, via an electronic broadcast over the network systems mentioned above." Orders received at the process 100 are exposed to all participants at the same time, as is done in conventional market systems.

In contrast, Claim 1 pertains to a trading process in which a market participant gets a "first look" at market data, namely a new contra-side best market price, before the other market participants can view the new price. To get this benefit, the market participant must satisfy a condition. Such a condition may be, for example, that the market participant has provided the best market price for his or her side of the market. The first look feature is an incentive to a trader to satisfy the condition, that is, for example in the above-mentioned case, to be the owner of an order with the best market price for a side, to be selected to receive advance notification of a new contra-side best market price in advance of other traders.

Conventional systems are not configured to provide market data based on the identity of the owner of an order; rather, conventional systems are directed to uniformly treat all interactions between market participants and expose new orders to all participants at the same time. Such conventional systems would have to be fundamentally revised in accordance with the present invention to operate in the manner claimed in Claim 1. Additional description and support for

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CHRISTENSEN O'CONNOR JOHNSON KINDNESS^{PLLC}
1420 Fifth Avenue
Suite 2800
Seattle, Washington 98101
206.682.8100

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the subject matter recited in Claim 1 may be found in Figure 76, and at page 32, line 27 to page 33, line 8, and further at page 90, lines 19-27 of the present application.

The Office Action (page 4) asserts "[i]t is inherently clear that the teachings of Madoff illustrates participant's [*sic*] can receive a new contra-side best market price in advance of other market participants while the condition at the market is satisfied," but applicant respectfully disagrees. Madoff teaches no such thing. Absent a showing that supports a *prima facie* case of anticipation, Claim 1 should be allowed.

Claims 2-3 are also patentable over Madoff, both for their dependence on allowable Claim 1 and for the additional subject matter they recite. Accordingly, withdrawal of the rejection of Claims 1-3 under 35 U.S.C. § 102(e) is requested.

<u>Claims 4-7 Are Patentable Over Streamer</u>

Claim 4 is directed to a method of facilitating trading that includes "automatically . . . selecting a party to receive notification of a new contra-side best market price in advance of other market participants, wherein the selected party is a market participant participating in a market with the other market participants" and "automatically . . . notifying the selected party of the new contra-side best market price." The method further includes "automatically . . . measuring a predetermined time from when notification of the new contra-side best market price was sent to the selected party and, after the predetermined time has elapsed, notifying the other market participants of the new contra-side best market price."

The cited Streamer article merely discloses the existence of a conventional real-time streaming stock quote service that allegedly makes quotes available to all users at the same time. See, e.g., lines 3-5 of the first paragraph in which the article states "Streamer is the first free real-time streaming stock quote service made available by a brokerage firm to *anyone with an Internet connection*." (Emphasis added.) Streamer further states, in paragraph 2, that

"[s]treaming quotes are real-time quotes that are updated automatically." What speaks volumes is what Streamer does <u>not</u> disclose. Streamer does not disclose any mechanism or service in which a particular market participant is selected and provided market data in advance of data provided to other market participants. In particular, Streamer fails to teach or suggest any of the elements recited in Claim 4.

       As with Claims 1-3, the Office Action provided little to no guidance regarding the application of Streamer to Claims 4-7. The Office Action rejected the claims by merely restating the claim language and generally directing the applicant to "page 1 and 2" of the article (of which the second page only includes copyright data and web page search and navigation links that are not relevant to the claims). The Office Action (page 5) asserts "[i]t is inherently clear that the teachings of Streamer illustrates notifying other market participants of a new contra-side best market price after a predetermined time from when a selected party was notified of the new contra-side best market price," but applicant respectfully disagrees. Like Madoff, Streamer teaches no such thing. As with Claim 1 above, absent any evidence supporting a *prima facie* case of anticipation, withdrawal of the rejection of Claim 4 based on Streamer is proper.

       Claims 5-7 are also patentable over Streamer, both for their dependence on allowable Claim 4 and for the additional subject matter they recite. Accordingly, withdrawal of the rejection of Claims 4-7 under 35 U.S.C. § 102(a) is requested.

<u>Claims 8-12 Are Patentable Over The Cited Art</u>

       New Claim 8 is directed to a system for facilitating trading that includes a computer having a processing component. The processing component is configured to select a party to receive notification of a new contra-side best market price in advance of other market participants, wherein the selected party is a market participant participating in a market with the other market participants. The processing component is further configured to measure a

predetermined time from when notification of a new contra-side best market price is sent to the selected party and, after the predetermined time has elapsed, to notify the other market participants of the new contra-side best market price.

Applicant submits that Claim 8 is patentable over Madoff and Streamer. Claims 9-12 are also patentable over Madoff and Streamer, both for their dependence on allowable Claim 8 and for the additional subject matter they recite.

<u>Claims 13-17 Are Patentable Over The Cited Art</u>

New Claim 13 is directed to a computer-accessible medium having executable instructions stored thereon for facilitating trading. When executed, the instructions cause a computer to select a party to receive notification of a new contra-side best market price in advance of other market participants, wherein the selected party is a market participant participating in a market with the other market participants. The instructions further cause the computer to measure a predetermined time from when notification of a new contra-side best market price is sent to the selected party and, after the predetermined time has elapsed, to notify the other market participants of the new contra-side best market price.
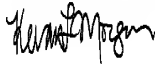
Applicant submits that Claim 13 is patentable over Madoff and Streamer. Claims 14-17 are also patentable over Madoff and Streamer, both for their dependence on allowable Claim 13 and for the additional subject matter they recite.

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CONCLUSION

The disclosures of Madoff and Streamer are defective and do not support a *prima facie* case of anticipation of Claims 1-7. In view of the above, the rejection of Claims 1-7 should be withdrawn and the claims allowed, along with the new Claims 8-17, at an early date. Should the Examiner identify any issues needing resolution prior to allowance, the Examiner is invited to contact the undersigned counsel by telephone.

Respectfully submitted,

CHRISTENSEN O'CONNOR
JOHNSON KINDNESS^{PLLC}

Kevan L. Morgan
Registration No. 42,015
Direct Dial No. 206.695.1712

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